

Annual Report 1998-99

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CONCOR

CONTAINER CORPORATION OF INDIA LTD.

(A Govt. of India Undertaking)



CONTAINER CORPORATION OF INDIA LIMITED

ELEVENTH ANNUAL REPORT - 1998-99

CONCOR

BOARD OF DIRECTORS

SHRI SHANTI NARAIN
CHAIRMAN

SHRI S. K. SHARMA
MANAGING DIRECTOR

SHRI A. K. KOHLI
DIRECTOR (PROJECTS & SERVICES)

SHRI K. D. AHUJA
DIRECTOR (MARKETING & OPERATIONS)

SHRI BIRKHE RAM
DIRECTOR (FINANCE)

DR. P. S. SARMA, DIRECTOR

SHRI M. R. DIXIT, DIRECTOR

SHRI R. K. NARANG, DIRECTOR

SHRI P. N. SHUKLA, DIRECTOR

SHRI RAVI KHANDELWAL
GENL. MANAGER (FIN. & ACCOUNTS)
& COMPANY SECRETARY

STATUTORY AUDITORS

M/S. KHANNA PURI WADHAWAN & CO.
CHARTERED ACCOUNTANTS
102, SHIVLOK HOUSE-1,
COMMERCIAL COMPLEX,
KARAMPURA, DELHI - 110 015.

BRANCH AUDITORS

M. CHAUDHARY & CO., CALCUTTA
NATRAJ ASSOCIATES, CHENNAI
JAIN CHAUDHARY & CO., MUMBAI

BANKERS

STATE BANK OF INDIA
CANARA BANK
PUNJAB NATIONAL BANK
SYNDICATE BANK
CENTRAL BANK OF INDIA
ALLAHABAD BANK
CITIBANK

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PRINCIPAL OFFICES

CORPORATE OFFICE

4th Floor Kanishka Office Plaza, 19 Ashoka Road, New Delhi - 110 001
 Tel. : 3360895, 3342421, 3368422, 3368071-73 Fax : 3368424
 E-mail Add : concor.co.@concor.sprintpg.sprint.com
 Internet Add : concor@giadl01.vsnl.net.in

REGIONAL OFFICES

MUMBAI

5th Floor, South Wing,
 New Administrative Building
 Central Railway
 D N Road,
 Mumbai - 400 001
 Phones : 2622053-54, 2623725
 Telex : 011-83338 CONT IN
 Fax : 2624497

CALCUTTA

19, R. N. Mukherjee Road,
 2nd Floor, Main Bldg.,
 Calcutta - 700 001
 Phone : 2211388
 Fax : 2434552

CHENNAI (MADRAS)

9th Floor
 Moore Markets Complex
 Chennai - 600 003
 Phones : 5357434
 Telex : 0415424 CONT IN
 Fax : 5350268

HYDERABAD

602, 6th Floor
 Navketan, S. D. Road,
 Secunderabad
 Hyderabad - 500 003
 Phone : 7808938-39
 Fax : 7800346

NAGPUR

Behind Narendra Nagar,
 Ajni, Nagpur
 Phone : 743301
 Fax : 7405371

NEW DELHI

Inland Container Depot
 Tughlakabad
 New Delhi - 110 044
 Phones : 6818083-84-86
 Telex : 31-66097 CONT IN
 Fax : 6818085



CONTAINER CORPORATION OF INDIA LIMITED

NOTICE

Notice is hereby given that the 11th Annual General Meeting of the Shareholders of the Company will be held as under :-

Day : Friday
Date : 30th July, 1999
Time : 4.30 P.M.
Venue : Kanishka Hotel, Ashoka Road,
New Delhi - 110 001.

to transact, with or without modifications, as may be permissible, the following business :

ORDINARY BUSINESS

To consider and if thought fit, to pass the following resolution as Ordinary Resolutions.

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares for the financial year ended 31st March, 1999.
3. To appoint a Director in place of Shri Shanti Narain, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri A.K. Kohli, who retires by rotation and being eligible, offers himself for reappointment.

Being a Government Company, the appointment of Auditors has been made by the Central Government.

SPECIAL BUSINESS :-

5. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.

"Resolved that existing Article 67 be and is hereby renumbered as Article 67(i) and following new Article 67(ii) be and is hereby inserted after Article 67(i) of Articles of Association of the Company :

Article 67 (ii)

Establishment of Subsidiaries

Subject to the provisions of the Act, the Board of directors shall also have the following powers :

- (a) To establish joint ventures and subsidiaries in India with the stipulation that the equity investment of the company should be limited to Rs.100 crores in any one project, should not exceed 5% of the networth of the company in any one project, or 15% of the networth of the company in all joint ventures / subsidiaries put together. Establishment of subsidiaries and opening of offices abroad may be finalised with the concurrence of the Administrative Ministry.
- (b) To enter into technology joint ventures, strategic alliances and to obtain technology and know-how by purchase or other arrangements subject to Government guidelines as may be issued from time to time."
6. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.
"Resolved that the contents of Sub-clause (g) of clause (ii) of Article 69 be and are hereby deleted from Articles of Association of the Company."
7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.
"Resolved that following new Clause (23) (i), (ii), (iii) & (iv) be and are hereby inserted in Article 72 of the Articles of Association of the Company:

Article 72 (23) (i), (ii), (iii) & (iv)

Major decision at Board meeting

- (i) The Government Directors, the Finance Director and the concerned Functional Director(s) must be present when major decisions are taken, especially when they pertain to investments, expenditure or organisational / capital restructuring.
- (ii) The decisions on such proposals should preferably be unanimous.



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- (iii) Subject to the provisions of the Act, In the event of any decision on important matters not being unanimous, a majority decision may be taken, but at least two-thirds of the Directors should be present including those mentioned above, when such a decision is taken. The objections, dissents, the reasons for over-ruling them and those for taking the decision should be recorded in writing and minuted.
- (iv) The Company will establish transparent and effective systems of internal monitoring, including the establishment of an Audit Committee of the Board with membership of non-official Directors."
8. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution.
- "Resolved that existing Article 66 (2) be and is hereby renumbered as Article 66(2)(a) and new Article 66 (2) (b) be and is hereby inserted in Article 66 of the Articles of Association of the Company:
- as per letter no. 86/TC(M&S)/15/26, dated 7.5.99 of the Ministry of Railways and shall be liable to retire by rotation."
- (ii) "Resolved that Shri M.R. Dixit be and is hereby appointed as Director of the Company w.e.f. 22.3.99 as per letter no. 98/TC(FM)/16/2, dated 4.2.99 of the Ministry of Railways and shall be liable to retire by rotation."
- (iii) "Resolved that Shri R.K. Narang be and is hereby appointed as Director of the Company w.e.f. 23.2.99 as per letter no. 98/TC(FM)/16/2, dated 4.2.99 of the Ministry of Railways and shall be liable to retire by rotation."
- (iv) "Resolved that Dr. P.S. Sarma be and is hereby appointed as Director of the Company w.e.f. 12.3.99 as per letter no. 98/TC(FM)/16/2, dated 4.2.99 of the Ministry of Railways and shall be liable to retire by rotation."

Sitting fee to Directors

The sitting fee payable to a part-time director for each of the meeting of Board or a Committee thereof and any adjournment thereto attended by him shall be such sum as may be fixed by the Board of directors and it shall not exceed the maximum amount as may be specified by the Act, the rules or regulations framed thereunder and such other limitations as may be prescribed under any other regulations/directions issued from time to time."

9. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

- (i) "Resolved that Shri P.N. Shukla be and is hereby appointed as Director of the Company w.e.f. 7.5.99

By Order of the Board of

CONTAINER CORPORATION OF INDIA LIMITED

RAVI KHANDELWAL
GENERAL MANAGER (F&A)
& COMPANY SECRETARY

Regd. Office :

4th Floor, Kanishka office Plaza
19 Ashoka Road, New Delhi - 110 001.

Date : 29th June, 1999

Place : New Delhi.



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NOTES:

- (a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member.
- (b) The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.
- (c) The Register of Members and the Share Transfer Books will remain closed from 26th July to 30th July, 1999 (both days inclusive).
- (d) The final dividend on Equity Shares, upon its declaration at this meeting will be paid to those shareholders whose names appears:-
 - i) As beneficial owners as on 30th July 1999, as per the list provided by National Securities Depository Ltd. in respect of the shares held in depository form, and
 - ii) As members in the Register of Members of the Company as on 30th July 1999, in respect of shares held in physical form.
- (e) Members are requested to notify immediately change in their address, if any, to the Company at its Registered Office by quoting their Folio Numbers.
- (f) Members are requested to intimate their Bank Account details, if not already sent, to avoid the incidence of fraudulent encashment of the dividend.

Explanatory Statement pursuant to Sec. 173 of the Companies Act, 1956

Item Nos. 5, 6 & 7:

Ministry of Railways has declared CONCOR as a Category-I "Mini-ratna" in terms of guidelines issued by

the Department of Public Enterprises, Ministry of Industry, Govt. of India. However, enhanced delegation of powers shall be available to CONCOR subject to other conditions to be fulfilled in this regard besides the necessary changes are made in the Articles of Association of the Company. Necessary amendments as proposed under Item Nos. 5, 6, & 7 will bring existing Articles to match with the guidelines issued by the Govt. of India in this regard. Your Directors, therefore, recommend for approval and adoption of the present Special Resolution.

None of the directors are interested or concerned in the said resolution.

Item No. 8

The existing Articles of Association of the Company do not contain provision for payment of sitting fee to part-time Directors. The proposed amendment will enable Board to fix fee in accordance with provisions of Law. Your Directors, therefore, recommend for approval and adoption of the present Special Resolution.

None of the Directors are interested or concerned in the said resolution.

Item No. 9

As you are aware that the Government of India has appointed Shri P.N. Shukla as director of the Company vide their letter no. 86/TC (M&S)/15/26 dated 7.5.99 and S/Shri M.R. Dixit, R.K. Narang and Dr. P.S. Sarma vide their letter no. 98/TC/(FM)/16/2 dated 4.2.99. The Company has accordingly filed the requisite forms with the Registrar of Companies, NCT of Delhi & Haryana, New Delhi.

In terms of section 255 of the Companies Act, 1956, their appointment is required to be confirmed in the forthcoming Annual General Meeting.

None of the Directors except S/Shri P.N. Shukla, M.R. Dixit, R.K. Narang and Dr. P.S. Sarma are concerned or interested in said Resolutions.

CONTAINER CORPORATION OF INDIA LIMITED
DIRECTORS' REPORT

To

The Shareholders,

The Directors take pleasure in presenting the Eleventh Annual Report along with Audited Accounts of the Company for the year ended 31st March, 1999.

1. FINANCIAL RESULTS :

(Amount : Lakhs)

| | 1998-99 | | 1997-98 |
|--|-----------------|---------|-----------------|
| Turnover | 68477.28 | | 60625.41 |
| Operating Profit | 18867.50 | | 16919.51 |
| Interest & Other Income | 3119.44 | | 2067.40 |
| Gross Profit | 21986.94 | | 18986.91 |
| Add/Less: | | | |
| a) Prior period adjustments (Net) | (82.43) | | (87.78) |
| b) Excess provision written back | 39.24 | | 162.31 |
| Profit Before Tax | 21943.75 | | 19061.44 |
| Less : | | | |
| Depreciation 1227.38 | | 1154.36 | |
| Income Tax 6650.29 | | 6325.97 | |
| Wealth Tax 0.91 | | 0.80 | |
| | 7878.58 | | 7481.13 |
| Net Profit | 14065.17 | | 11580.31 |
| Appropriations | | | |
| Transfer to General Reserve | 1406.52 | | 1158.03 |
| Proposed dividend for financial year (including tax on dividend) | 3217.07 | | 1429.81 |
| Retained profits carried forward to the following year | 9441.58 | | 8992.47 |
| Total | 14065.17 | | 11580.31 |



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2. DIVIDEND :

Your Company has been consistently paying dividend since 1991-92. Having maintained continuous growth trend in business and keeping in view the financial results, your Directors had recommended a maiden interim dividend of 20% for the financial year 1998-99. Further, your Directors are pleased to recommend a final dividend of 45% of the paid up share capital as against 20% declared during 1997-98. The effective pay out inclusive of Dividend Tax @ 10% would be more than 20% of the post tax net profit.

3. CONTRIBUTION TO REVENUES OF RAILWAYS :

For the financial year 1998-99, CONCOR contributed a sum of Rs.371 crores to the Indian Railways against Rs.336 crores paid during 1997-98, which is 10.42% over the last year. The contribution comprises of haulage charges and land licence charges. The dividend for 1998-99 is not included in the above figure.

4. CAPITAL STRUCTURE & DISINVESTMENT BY GOVT. OF INDIA :

There is no change in the Paid-up Share Capital of the Company from last year. It remained Rs.64.99 crores as at 31st March 1999 against the Authorised Share Capital of Rs.100 crores.

During the year, the Government of India (GOI) has disinvested 9 million equity shares held by it in CONCOR. This disinvestment was the first concurrent offering in India with a common book in which domestic and international investors participated & for the first time the book building method was used for a private placement issue. For this successful private placement, CONCOR bagged the prestigious "Deal of the Year Award" from the Asia Money, Hongkong. Each share was disinvested at Rs.250/- each and GOI realised Rs.221 crores from the same. After the above disinvestment, the holding of GOI in CONCOR has been reduced to 63.09%.

5. LISTING & DEMATERIALISATION OF CONCOR SHARES :

CONCOR's shares are listed with Bourses i.e. Mumbai, Delhi and National Stock Exchanges. In November 1997, CONCOR signed an agreement with National Securities Depository Limited for the purpose of dematerialisation

of its shares. As per SEBI guidelines, CONCOR's shares have been placed under 'Compulsory Demat Mode' w.e.f. 31st May 1999.

6. INVESTORS RELATION CENTRE :

Company established Investors Relation Centre last year to provide assistance to the valued shareholders. This Department is managed by experienced officers and staff. Their main responsibility is to attend to the complaints or any queries of the investors on priority basis. The share transfer deeds and other correspondence from the shareholders were within the stipulated time.

7. BUSINESS OPERATIONS :

7.1 DOMESTIC BUSINESS :

CONCOR's domestic business saw a marked shift from carrying bulk commodities like cement to general cargo. During the year general cargo traffic volumes went up by 80% from 31929 TEUs in 1997-98 to 57316 TEUs in 1998-99. Cement traffic volume declined by 50% during the same period.

Movement of piecemeal general cargo in containers through CONTRACK trains running to schedule on nominated days of the week paid rich dividends. Traffic volumes at major terminals linked by CONTRACK trains went up substantially- at Whitefield by 146%, Delhi by 100%, at Chennai by 70%, in Mumbai by 58% and in Calcutta by 74%. Handling facilities and equipment at the Domestic Terminals were augmented during the year.

7.2. INTERNATIONAL BUSINESS :

The year was a difficult year for the international business operations of the company because of recession in the overall international trade of India. The container traffic at major ports, of direct consequence for CONCOR increased marginally by 2% as compared to last financial year. Despite this however, CONCOR's international traffic grew by 17.36% during the year mainly as a result of CONCOR's marketing efforts and improved services provided in transportation and operation of its hinterland facilities. An Impressive growth in business was recorded at JN port where CONCOR's share of ports' container traffic went beyond 40% as against 35.24% during 1997-98. CONCOR's total traffic throughput during the year went up by over 11% to 801946 TEUs in 1998-99.

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An important landmark in the year was the introduction of new state-of-the-art High Speed Container Flat Wagons on the JN Port-Delhi sector. 137 round trips were made by 7 new rakes between ICD Tughlkabad and JN Port during the year with an average transit time of 43 hours only as against 90 hours by the other regular trains. There were no detachments of these wagons en-route which helped CONCOR provide a high quality service to its users. More rakes of new flat wagons are planned to be inducted on the TKD-JNP route and other routes during the year.

Another landmark was the successful starting of through container train services between the new upgraded terminal in Moradabad and JN Port. The Container services to and from ICDs like Moradabad, Whitefield (Bangalore), Sanat Nagar (Hyderabad), Nagpur, Sabarmati (Ahmedabad) and Dhandari Kalan (Ludhiana) were also augmented to match with the demand of the trade and resulted in significant traffic increase handled by these ICDs.

New terminals were commissioned in Aurangabad and Gwalior. Bonded warehouse at Bangalore was augmented and a new one commissioned at Tondiarpet in Chennai. ICD Moradabad was linked to the IGI Airport, New Delhi for acceptance and delivery of air cargo.

8. NEW FACILITIES :

ICD/Moradabad was commissioned as a road-linked facility. This has now been made rail-based. Regular container trains are now being run to and from JN Port. This has also resulted in tremendous growth of EXIM traffic at Moradabad terminal.

Three new terminals were commissioned during the year, at Malanpur (Gwalior), Daulatabad (Aurangabad) and Madurai. Terminals at Malanpur and Aurangabad are road linked. Company is considering rail transportation options too in the near future. In addition to this, approval of Govt. of India to set up new terminals at Cossipore Road (Calcutta), Kanpur, Miraj and Jamshedpur has been obtained. Construction work at Cossipore Road, Balasore and vadodara is progressing smoothly. Facilities at Kanpur and Miraj are at tendering stage. Dadri, Jodhpur, Bhusawal, Rajkot, Jaipur and Bharuch/Ankleshwar terminals are under planning. ICD at Guntur is also being upgraded. In addition warehouses are being constructed at our existing terminals in DhandariKalan (Ludhiana),

Tondiarpet (Chennai), Whitefield (Bangalore), Sabarmati (Ahmedabad) and New Mulund (Mumbai). Domestic terminal is also being set up at Salem Market. Domestic Terminals at Khodiar (Ahmedabad), Okhla (Delhi) are under planning. Expansion work at Shalimar (Calcutta) and Moradabad is also in hand. It is also planned to provide a rail connection to and from Tuticorin Port and to set up a Port Side container terminal there. The ICD at Pithampur (Indore) is road-based. Rail connection to this ICD via Mangaliagaon siding is being planned.

9. MINI-RATNA STATUS TO CONCOR :

During the period under review, the Government, with the objective to make the Public Sector more efficient and competitive, has granted enhanced autonomy and delegation of powers by declaring CONCOR as Category-I "Mini-ratna Company".

10. FOCUS ON INFORMATION TECHNOLOGY (IT) :

During the year, development of an Operations Management System was undertaken for ICD at Tondiarpet, Chennai. A detailed study for a Comprehensive Information System for the newly established Domestic Division was also conducted. Further, the information system at our Nagpur ICD was made fully functional. Mumbai and Nagpur stream was added to the Query on the Internet for tracking movements of container / train. EDI messages have been finalised with Customs Department and the Indian Ports Authority.

11. STATUS ON Y2K PREPAREDNESS :

The Company has constituted a Y2K Compliance Committee. The risk areas have been identified and hardware/software for the same are being upgraded/replaced to ensure compliance before the end of 1999. The contingency plan for Y2K compliance is being developed. An amount of Rs.3.26 crores has been provided in the Capital Budget of the Company for development, upgradation of IT facilities. This includes adequate funds for solution of Y2K problem.

12. WORLD BANK PROJECT :

The Tranche-I order for procurement of 1725 modern design High Speed Container Flat Wagons is under execution, though deliveries are somewhat delayed. 325 wagons have been received by CONCOR till 31.03.99, and are in operation on the Delhi-JNP sector. The



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performance of these wagons has been extremely satisfactory. The guaranteed transit time given by the Railways on this sector has been reduced from 96 hrs. to 48 hrs. Testing under actual conditions have indicated that transit time can be further reduced. This will have a significant impact on the profitability of CONCOR'S operations.

The order for the Tranche-II of procurement of 1500 flats has been placed in January 1999 and deliveries are expected to commence sometime in September 1999. Tenders have been invited for a Tranche-III of 600 containers. The World Bank has extended the duration of the project by one year up to December 2000.

13. PARTICULARS OF EMPLOYEES :

Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

14. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, ETC.:

Particulars required to be given in accordance with the provisions of Sections 217(1)(e) of Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption are not applicable to the Company at this stage.

15. FOREIGN EXCHANGE EARNINGS :

Details of total foreign exchange earnings and outgo during the year are as under :-

| | |
|---------------------------|---------------|
| Foreign exchange earnings | : Rs. NIL |
| Foreign exchange outgo | : |
| a) CIF value of Imports | Rs. 26 Lakhs |
| b) Capital advances | Rs.3357 Lakhs |
| c) Others | Rs.2292 Lakhs |

16. PROMOTION OF HINDI :

Hindi is being used progressively in CONCOR. As in the past, Annual Reports, Publicity Folders, Visiting cards etc. are being regularly printed in Hindi and letters received in Hindi are invariably replied in Hindi. To ascertain the progress of use of Hindi, quarterly meetings are organised on regular basis and the progress is reviewed.

A monthly newspaper namely "CONCOR SAMACHAR" is being published regularly since the month of September, 1998. All articles, poems, etc., in this newspaper are written by the officers and staff of CONCOR itself.

During the past one year under review the number of books in the Hindi Library has increased considerably. At present there are 300 books of eminent writers and poets in the library. Hindi magazines are also available in this library.

The orders for starting Hindi Library have also been issued to all the regional offices of CONCOR and as per the information available in the office Hindi library has been established in almost all the offices.

To sum up, the overall endeavour is to promote the use of Hindi.

17. AUDITORS :

M/s Khanna Puri Wadhawan & Co., Chartered Accountants, New Delhi were appointed as Company's Statutory Auditors for the year 1998-99. Board of Directors would like to place on record their sincere thanks for the valuable services rendered by them.

18. BOARD OF DIRECTORS:

The Board consists of a part-time Chairman, Managing Director, three functional Directors, one Govt. nominee Director and three non-official Directors. During the year 1998-99, the Board met 8 times for despatch of business and the following Directors held the Office up to the date of the Report :-

- Shri Shanti Narain, Chairman
- Shri S K Sharma, Managing Director
- Shri A K Kohli, Director [Projects & Services]
- Shri K D Ahuja, Director [Marketing & Operations]
- Shri Birkhe Ram, Director [Finance]
- Shri U S Jha (up to 30-01-1999)
- Shri P N Shukla (w.e.f. 07-05-1999)
- Shri M R Dixit (w.e.f. 22-03-1999)
- Shri R K Narang (w.e.f. 23-02-1999)
- Dr. P S Sama (w.e.f. 12-03-1999)